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12.13.1990 17:53

P. 1

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FAX TRANSMITTAL FORMDESTINATION: INPUT MVFAX NUMBER: 0101 415 961 3966ATTENTION: ANDREA JERSNUMBER OF PAGES: 1 of 5CONFIDENTIAL CORRESPONDENCE: Yes _____ No ☒URGENT: Yes ☒ No _____*5 hardcopies sent 12/13***DESCRIPTION:**

ANDREA, 1) CONFIRM GO AHEAD AND PRINT CE-PRO
2) 4 SLIDES FOR CORRECTION PLUS
1 ADDITIONAL - AS DISCUSSED
PLEASE TRY FOR HARD COPY DUL
14/12. UPDATES 35 MILL SLIDES
CAN BE EARLY JAN
PROJECT CODE FOR THIS IS
CE-SMO (NOT CE-PRO, MY MESSAGE)

Thanks & Best Regs
CE

FROM: KEN CARTERDATE: 13 DECEMBER 1990

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Project Charge Code: CE CSP

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CHICAGO, ILL. 60607

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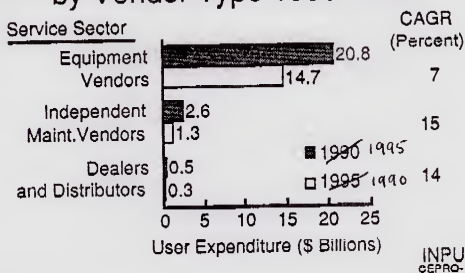
1968

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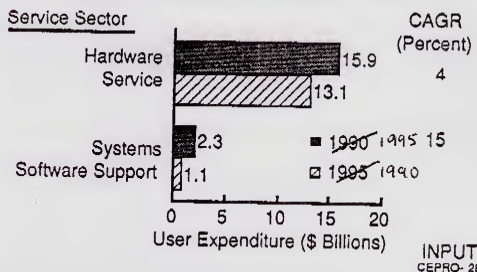
1968

WESTERN EUROPE

Customer Services Market Growth
by Vendor Type 1990-1995

Notes

WESTERN EUROPE Customer Services Market Service Sector Growth 1990-1995



Notes

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Data

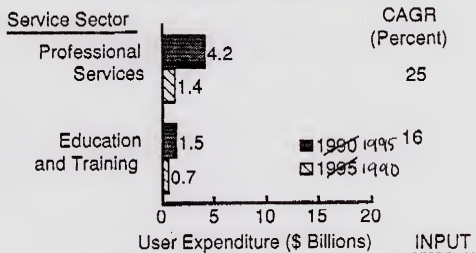
Author: [illegible]
Editor: [illegible]

1990

Printed in the United States of America

WESTERN EUROPE

Customer Services Market Service Sector Growth 1990-1995

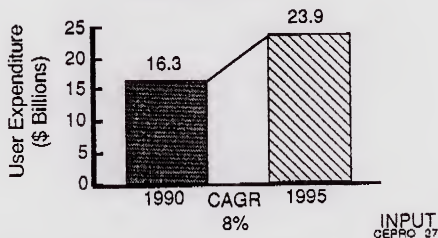


Notes

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CHARLES F. BROWN	3456 HILL ST.
EDWARD G. MILLER	7890 LAKE DR.
HENRY L. WILSON	2345 OCEAN BLVD.
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LUCAS M. GARCIA	1011 CENTRAL AVE.
MARTIN P. ROY	4567 VALLEY ST.
ANDREW S. HARRIS	8901 SUMMIT HWY.

WESTERN EUROPE
Customer Services Market Growth
1990-1995

1989 = \$15.1 Billion



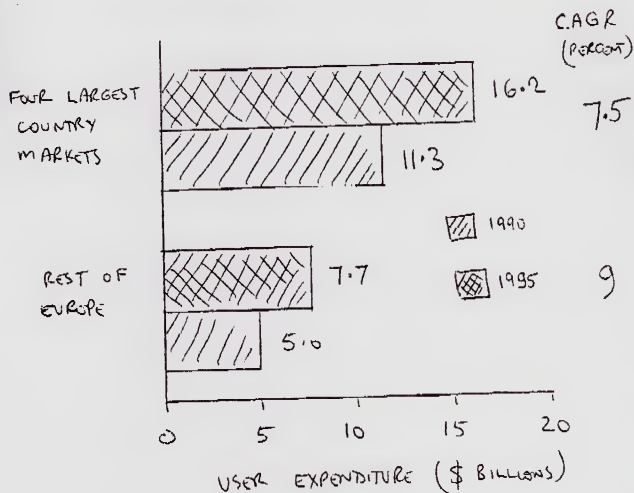
Notes



IT-24

EXHIBIT II - 6
WESTERN EUROPE
CUSTOMER SERVICES MARKET
COUNTRY MARKET GROWTH 1990-1995

(33)





Dear Andrea

Client Meeting - 6 December 1990

For this meeting, please prepare 30 handouts. For the first presentation, please do a copy of the executive overview of CE-PRO. The second presentation will be on CE-SMO which Ken has not quite completed. The presentation will only consist of about 6 slides and we will get them to you by Wednesday.

At the front of the binder, please put:

INPUT client meeting

Thursday 6 December

The Institute of Directors

Please run off a set of 35mm slides for each and aim to ship the whole lot by Friday 30 November

Thank you

Carol
23 November



INPUT Client Meeting

Thursday 6 December

The Institute of Directors

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Changing Market

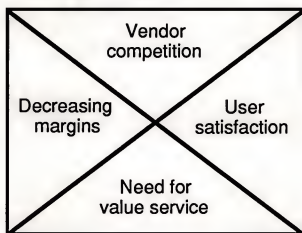
- Transitional phase
- Vendors losing market share
- User requirement for value
- Vendor need for adaptation

INPUT
CESMO- 1

Notes



Pricing Environment



INPUT
CESMO- 2

Notes



Key Pricing Issues

- Vendor competition
- Decreasing maintenance margins
- Slowing growth of maintenance revenues

INPUT

CESMO- 3

Notes



Balancing Act

- User requirement for cost savings
- Vendor need to be competitive

- User need for quality service
- Vendor need for service revenue and margins



INPUT

CESMO- 4

Notes



Key Vendor Challenges

- Reduce reliance on maintenance
- Maintain margins
- Enhance value of service

INPUT
CESMO- 5

Notes



Vendor Opportunities

- Flexible solutions
- Inflation-level price increases
- Other services

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CESMO- 6

Notes



Users Claim Service Too Expensive

1. Price exceeds value received
2. Reliability of equipment not reflected in service price
3. Insufficient vendor resources

INPUT

CESMO- 7

Notes



Divided User Opinions

Service prices will continue to rise
by at least inflation levels



Service prices will decrease

INPUT
CESMO- 8

Notes



User Requirement for Improved Value

1. Demonstrate ability to provide service
2. Sell concept of value
3. Improve knowledge of users' business needs

INPUT
CESMO- 9

Notes



Higher Quality—Higher Price?

Some users say "yes" if extra service is needed



Other users say "no"—existing high prices should provide quality

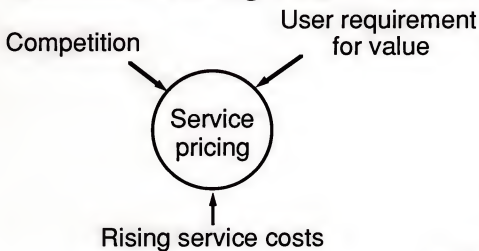
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CESMO- 10

Notes



Vendor Pricing Pressures

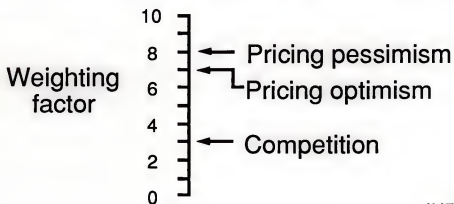


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CESMO- 11

Notes



Key Vendor Issues and Trends—Hardware Service

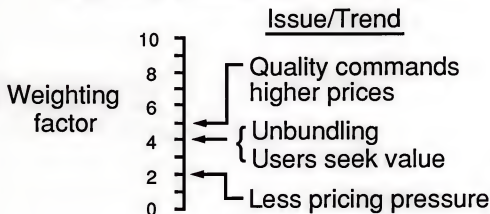


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CESMO- 12

Notes



Key Vendor Issues and Trends Systems Software Support

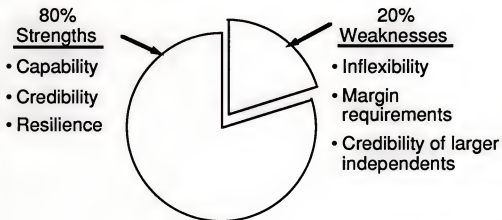


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CESMO- 13

Notes



Vendor Competitive Balance

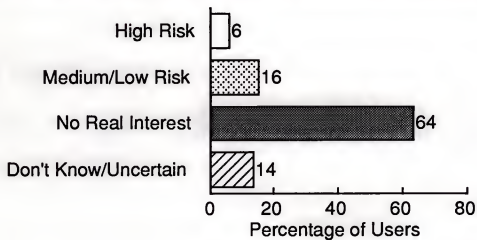


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Notes



Risk from Independent Maintenance



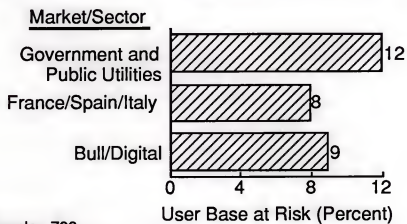
Sample size: 732

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CESMO- 15

Notes



Independent Maintenance Penetration—High-Risk Sectors



Total sample: 732

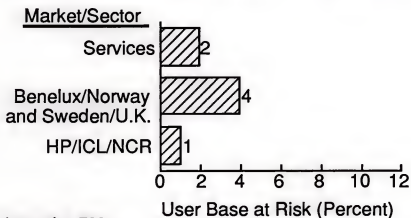
Source of data: INPUT 1990 User Survey

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CESMO- 16

Notes



Independent Maintenance Penetration—Low Risk Sectors



Total sample: 732

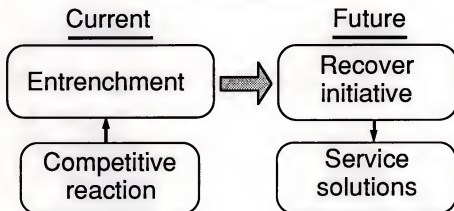
Source of data: INPUT 1990 User Survey

INPUT
CESMO- 17

Notes



Changing Vendor Strategies



INPUT
CESMO- 18

Notes



Service Vendor Differentiation

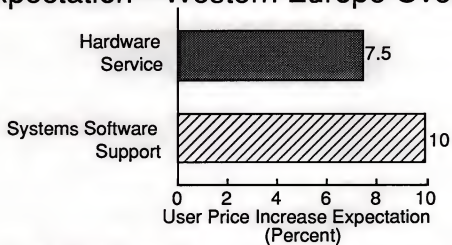
1. Quality more important than price
2. Country markets—significant differentiation
3. Other market sectors—little differentiation

INPUT
CESMO- 19

Notes



Future User Price Increase Expectation—Western Europe Overall



Variables: Countries; industry sectors; inflation

INPUT
CESMO- 20

Notes



Vendor Pricing Opportunities

Country/Sector/ Vendor	User Expectation Percent Above Inflation	Pricing Satisfaction
Benelux/Spain	100	1.0 to 1.5
Insurance/Distribution/ Banking and Finance	60 - 80	1.2 to 1.5
HP/IBM	45 - 70	1.5

Total sample: 732

Source of data: INPUT 1990 User Survey

INPUT
CESMO- 21

Notes



Vendor Pricing Risks

Country/Sector/ Vendor	User Expectation Percent Above Inflation	Pricing Satisfaction
France/Germany	70 -100	2.0 to 3.0
Mfg./Trans./ Gov., Pub. Utilities	40 - 60	2.0
Digital/NCR	30 -60	2.0

Total sample: 732

Source of data: INPUT 1990 User Survey

INPUT

CESMO- 22

Notes



Recommendations for Vendors

- Focus on pricing strategy
- Enhance service value
- Service solutions
- Marketing

- Improved user satisfaction

Quality needs

- Improved financial return

INPUT

CESMO- 23

Notes



Western European Customer Services Market 1990-1995

INPUT
CESMO- 24

Notes



Customer Services Market in the 1990s

- Maintenance growth below inflation
- Independent vendors increasing market share
- Competitive pressure
- Potential for long term growth

INPUT
CESMO- 25

Notes



Customer Services Market

- Hardware maintenance
- Systems software support
- Professional services
- Training and education

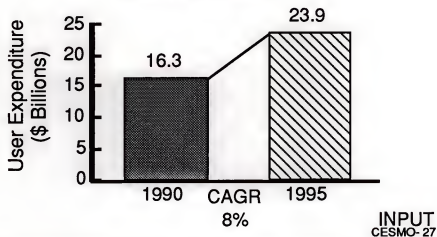
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Notes



W. Europe Customer Services Market Growth, 1990-1995

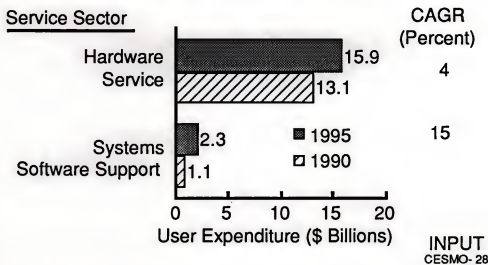
1989=\$15.1 Billion



Notes



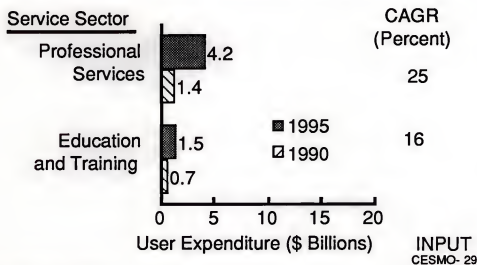
W. Europe Customer Services Market Service Sector Growth 1990-1995



Notes



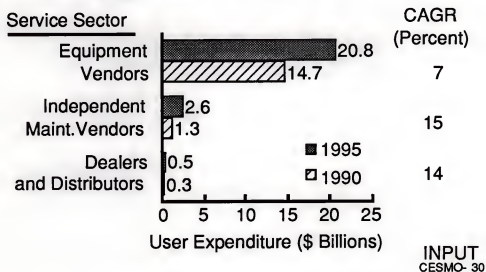
W. Europe Customer Services Market Service Sector Growth 1990-1995



Notes



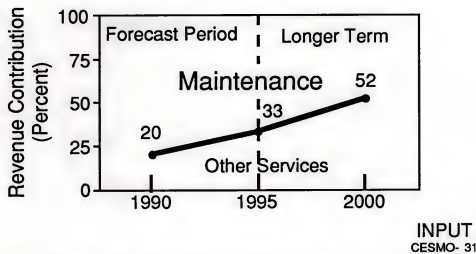
W. Europe Customer Services Market Growth by Vendor Type 1990-1995



Notes



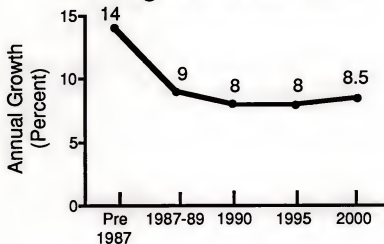
Customer Services Changing Emphasis



Notes



Customer Services Market Long-Term Growth

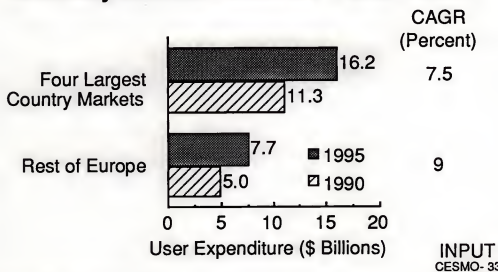


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CESMO- 32

Notes



W. Europe Customer Services Market Country Market Growth, 1990-1995



Notes



About INPUT

INPUT provides planning information, analysis, and recommendations to managers and executives in the information processing industries. Through market research, technology forecasting, and competitive analysis, INPUT supports client management in making informed decisions.

Continuous-information advisory services, proprietary research/consulting, merger/acquisition assistance, and multiclient studies are provided to users and vendors of information systems and services (software, processing services, turnkey systems, systems integration, professional services, communications, systems/software maintenance and support).

Many of INPUT's professional staff members have more than 20 years' experience in their areas of specialisation. Most have held senior management positions in operations, marketing, or planning. This expertise enables INPUT to supply practical solutions to complex business problems.

Formed as a privately held corporation in 1974, INPUT has become a leading international research and consulting firm. Clients include more than 100 of the world's largest and most technically advanced companies.

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4-6, Kanda Sakuma-cho
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ANDREA, SLIDES (35mm) REQUIRED
FOR CLIENT MEETING ON 6 DECEMBER.
SORRY ABOUT SHORT TIME SCALE, BEEN
BURNING MIDNIGHT OIL.
ASSOCIATED REPORT IS CE-PRO.
MANY THANKS FOR YOUR HELP
Ben Rylands *BR*

PS. HARD COPY SHOULD ALSO GO IN
HAND OUT.

FROM: KEN CARTERDATE: 29 NOVEMBER 1990

INPUT: _____

Project Charge Code: CE CSP



①

CUSTOMER SERVICES MARKET

1990 - 1995

24



2

CUSTOMER SERVICES MARKET IN THE 1990s

- MAINTENANCE GROWTH BELOW INFLATION
- INDEPENDENT VENDORS INCREASING MARKET SHARE
- COMPETITIVE PRESSURE
- POTENTIAL FOR LONG TERM GROWTH

25



3

CUSTOMER SERVICES MARKET

- HARDWARE MAINTENANCE
- SYSTEMS SOFTWARE SUPPORT
- PROFESSIONAL SERVICES
- TRAINING AND EDUCATION

26

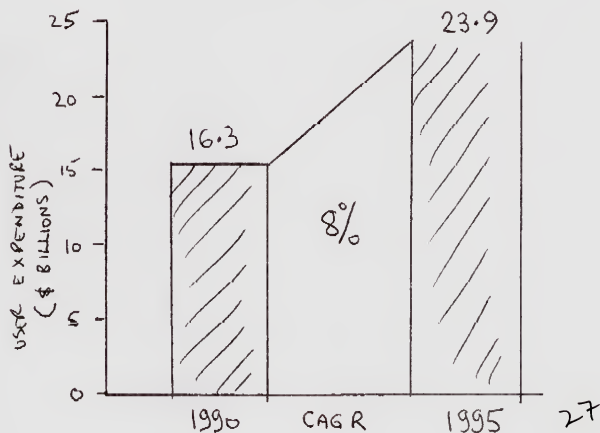
GRAPHIC PLEASE NOTE - THIS SLIDE
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WAS CODED CSPA - PLI-4



4

CUSTOMER SERVICES MARKET GROWTH 1990 - 1995

1989 = \$15.1 BILLION

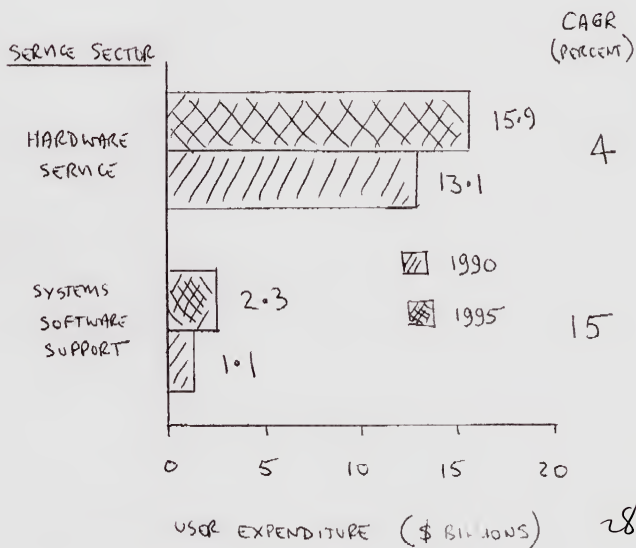




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CUSTOMER SERVICES MARKET

SERVICE SECTOR GROWTH 1990-1995

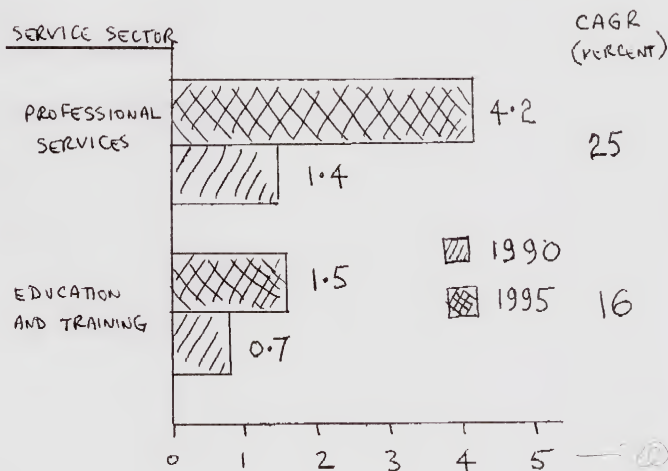




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CUSTOMER SERVICES MARKET

SERVICE SECTOR GROWTH 1990-1995



USER EXPENDITURE (\$ BILLIONS)

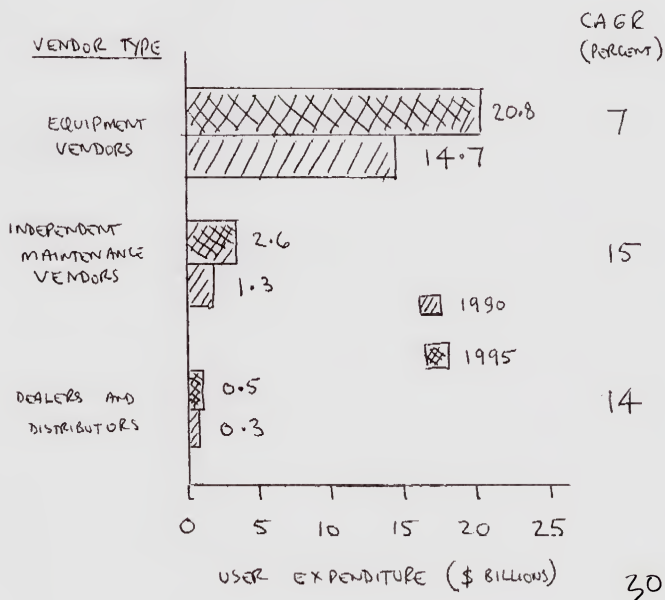
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CUSTOMER SERVICES MARKET

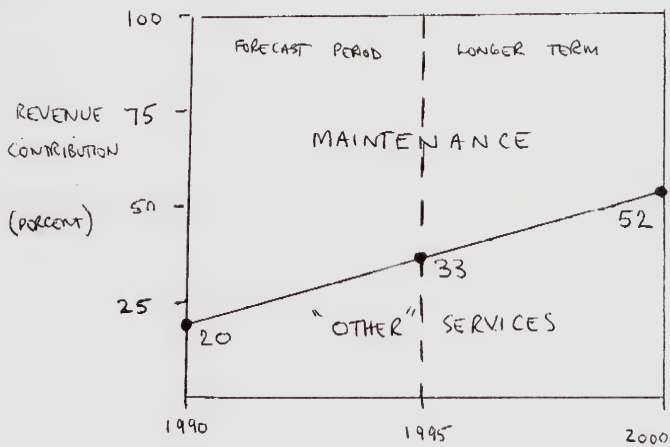
GROWTH BY VENDOR TYPE 1990-1995





(8)

CUSTOMER SERVICES CHANGING EMPHASIS



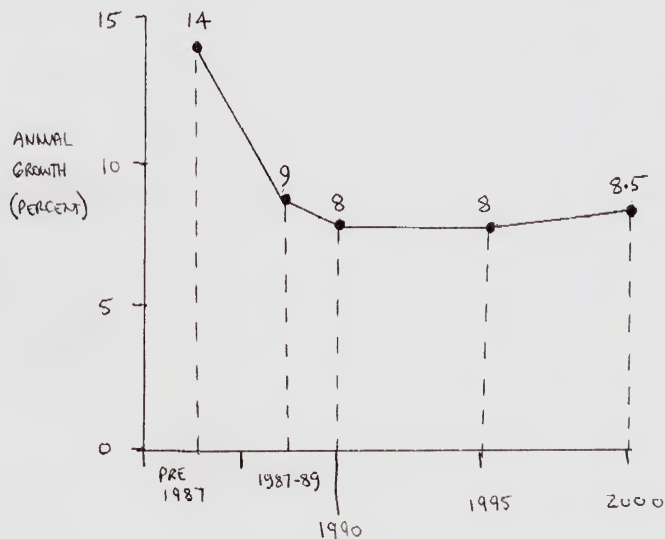
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CUSTOMER SERVICES MARKET

LONG TERM GROWTH



32

